



United States  
Department of  
Agriculture

**Farm Service Agency**

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## **Fact Sheet**

# **Dairy Indemnity Payment Program**

## **Montana State Producer Handbook**



### **Legislative Authority**

The Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 1998, Public Law 105-86) authorizes the Secretary of Agriculture to make dairy indemnity payments until all funds have been expended.

### **Payments to Dairy Producers, Manufacturers**

Payments are made to **dairy producers** who have been directed by a public regulatory agency to remove their raw milk from the commercial market because it has been contaminated by pesticides, toxic substances and chemical residues other than pesticides, nuclear radiation or fallout.

Payments are made to **manufacturers** of dairy products only for products removed from the market because of pesticide contamination.

### **Amount of Payment to Producers**

The indemnity payment to dairy producers is calculated by multiplying the number of cows milked, times the number of days milk is off the market, times base production in terms of pounds per cow per day, times farm prices for milk of the same butterfat content as that in the base period.

**Payment (producers) =** #cows milked x #days milk off market x base production (lbs/cow/day) x farm price for milk.

### **Base Period of Producers**

The base period used to establish base production is the calendar month, two half months, or two biweekly pay periods immediately before the milk is removed from the commercial market.

### **Amount of Payment to Manufacturers**

The indemnity payment to manufacturers of dairy products is calculated by multiplying the fair market value of the product, times the amount of product removed from the market, minus any salvage value of the product.

**Payment (manufacturers) =** fair market value x amount of product removed from market – salvage value.

### **Application Period**

Affected producers and manufacturers should apply for indemnity payments by filling out application form **FSA-373** and submitting it to their county FSA office no later than December 31 following the fiscal year in which the loss occurred.

### **No Double Payments**

Producers who receive indemnity payments and then file a successful claim for damages against the party responsible for the contamination must return to FSA within 14 days the lesser of:

- The amount received in indemnity payment, **OR**;
- The amount received in a claim against the party responsible for the contamination.

### **For More Information**

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at: <http://www.fsa.usda.gov/mt>

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